

7 August 1950

MEMORANDUM FOR: Assistant Director of Policy Coordination
Assistant Director of Special Operations
Budget Officer
General Counsel

SUBJECT: Equalisation Allowances

ATTACHMENTS:

- a. Memo from Chief of Operations, OPC, to ADPC, dated 29 April 1950, subject "Compensation in Living Expenses for Covert Agents under Civilian Cover".
- b. Memo from Acting Deputy Chief, SSS, to Executive Officer, OPC, dated 29 June 1950, same subject.
- c. Memo from Mr. R. C. Read to Acting Deputy Chief, SSS, dated 19 July 1950, on the subject of Post and Quarters Allowances, and Post Differentials as related to Government facilities in overseas areas.

1. Background: The Standardized Allowance system of the U. S. Government is under the jurisdiction of the Secretary of State. This Department is responsible for determining the maximum reasonable Quarters Allowance for Government employees serving in foreign countries together with an appropriate "Cost of Living" allowance if warranted. These allowances are determined by price surveys conducted at each foreign post which are then weighed and converted into an appropriate post classification for allowance purposes. The weighing formulae are complicated, and make adjustments for local variations in climate, customs, and living conditions as they may modify the living habits of Americans in such areas. In occupied military areas, however, the allowances so determined take into consideration Government provided facilities (Commissary, PX, entertainment) and requisitioning or construction of Government building for housing purposes.

STATINTL

3. Arrangements have been made with the Measurements Section, Allowance Branch of the Department of State, to classify posts in occupied areas strictly on the basis of the local economy. They are readily able to do this with price data they currently receive for purposes of

determining Post or Cost of Living Allowances. They are not able to do so for quarters allowance purposes due to lack of information on housing costs. A comparison of post classifications for Post Allowances with and without access to Government facilities is as follows:

STATINTL

STATINTL

5. A further problem concerns quarters allowances. As previously mentioned, the Department of State is unable to classify some posts in occupied areas for quarters allowance purposes since all Government employees are presumably housed by the Government. It appears that the only practical solution to this problem would be to secure estimates from appropriate field stations as to the cost of open market procurement of housing facilities comparable to that supplied [redacted] employees of similar grade. After review by Headquarters, a maximum allowance schedule could be established which would be comparable to the official U. S. Government Quarters Allowances in its application.

STATINTL

STATINTL

STATINTL

STATINTL

7. Before proceeding further with this matter, it is requested that the addressees of this memorandum express their opinions and comments. It is believed that there is little doubt but that [redacted] employees should receive equitable Cost of Living and Quarters Allowances. The principle problem here is the mechanics of determining and applying such allowances. The major issue would appear to be whether an "equalization" allowance should be granted at posts where there is no Cost of Living Allowance because the cost of living is no higher or even less than in Washington, D. C. It is the opinion of the undersigned that such an allowance should not be granted for the same reason that we have not granted an "equalization allowance" to hundreds of other CIA employees at foreign posts in other countries who are not so fortunate as to be living at a post where living expenses are less than they are in Washington, D. C. Employees at such posts are fortunate; a fact, however, which does not seem to warrant a bonus or gratuity to all other employees who are not so fortunate even though they may be at the same post.

8. If possible, it is requested that your comments be available by 17 August, in order that a final proposal can be submitted to the Executive, CIA.

STATINTL

[redacted]
Acting Deputy Chief, SSS